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TFSC-M-16

SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE  
of the  
ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in Room 1121 Tempo "M" Building at 1500 Hours

28 October 1958

Present

Harry H. Bell, State, Chairman  
Frances L. Hall, Commerce  
J. Duncan Holmes, Army

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Edwin F. Jones, State  
Arthur Smith, State  
Edward R. Van Sant, Office of the Secretary of Defense  
George H. White, Commerce  
Grace G. Dellinger, EIC Secretariat  
[REDACTED] Secretary

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Review of Recent Activities

The Chairman described work on the recently completed SNIE, on the subject of US-USSR trade, in which most member agencies had participated. He also reported on recent visits of and discussions held with

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Revision of Subcommittee's Terms of Reference

The proposed terms of reference, drawn up from a model prepared by the EIC Secretariat and which had been circulated to Subcommittee members, were approved with Item D, 1 on page 3 revised to read as follows:

1. The Subcommittee will schedule meetings as required to fulfill its responsibilities. It shall meet in formal session at least once each fiscal year to prepare and approve its Annual Report to the EIC. The Annual Report will be responsive to the request of the EIC Secretariat and will cover the activities of the Subcommittee in fulfilling its mission as outlined in C above.

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#### Distribution of Research Products

Copies of three research reports prepared in the Department of State were distributed to those members who had not already received them.

#### Discussion of Status of Subcommittee Responsibilities on China

The Subcommittee authorized the Chairman to appoint a working group of representatives of agencies with a detailed interest in the substance to review selected research products in accord with IAC-D-42/14. The working group will recommend concurrence or reservations in the summary and conclusions of these studies to the Subcommittee. To review the imminent State paper on the subject of Sino-Free World Trade a working group composed of State, CIA and Commerce was appointed. It was reported that two additional research studies on Sino-Soviet trade and Sino-Satellite trade, to be reviewed according to the same procedure will be ready for circulation to the Subcommittee in about 30 days.

#### Discussion of Desirability of Initiating under Subcommittee Auspices Periodic Reporting on International Trade in Arms.

The CIA representative reported on the apparent identification of a deficiency in research and/or coordination in an area of Subcommittee responsibility: While each service produces intelligence on the subject of international trade in the arms for which it has a direct responsibility, there is no established mechanism for reporting on the totality of these movements by geographic area or on the economic effects of this trade on the countries concerned. The Army representative pointed out that the nature of arms traffic is such that periodic reporting is inadvisable, that rather reporting on the fulfillment of individual arms agreements would be feasible. Bloc arms sales on credit to Free World underdeveloped countries are the responsibility of the ETC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas; this group is adequately reporting on these arms transactions. Intra-Bloc arms trade, however, is not subject to coordinated reporting. It was suggested that the CIA representative explore with representatives of the three services the possibility of a coordinated report on this subject.

#### Discussion of Research Currently in Progress


The CIA representative reported that preliminary work had started in GFR with a view to filling a priority research deficiency identified by the Subcommittee in its Annual Report. A study of the bilateral trade

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and payments agreements between Bloc members and Western countries,  
and changes in their provisions and degree of fulfillment over  
time is being initiated.

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